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MESSAGE REJECTED - CONTAINS UNRECOGNIZED ORIGINATOR  
-- ERRORED MESSAGE FOLLOWS --  
PAAUZYUW RUEHPOD0243 1911459-UUUU--RHMCSSU.  
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FM AMEMBASSY PODGORICA  
TO RUEHC/SECSTATE WASHDC  
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK  
EUROPEAN POLITICAL COLLECTIVE  
INFO RUEHPOD/AMEMBASSY PODGORICA  
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UNCLAS SECTION 01 OF 02 PODGORICA 000243

SIPDIS

SENSITIVE  
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E.O. 12958: N/A  
TAGS: PREL ECON CVIS CASC PTER MW  
SUBJECT: A/S FRIED MEETS WITH MONTENEGRIN OFFICIALS, OPPOSITION

REF: A. REF A : PODGORICA 235

- 1B. REF B: PODGORICA 214
- 1C. REF C: PODGORICA 182
- 1D. REF D: PODGORICA 100

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11. (U) SUMMARY: DURING HIS JULY 8 VISIT TO MONTENEGRO, ASSISTANT SECRETARY DANIEL FRIED MET SEPARATELY WITH FOREIGN MINISTER MILAN ROCEN, PRESIDENT FILIP VUJANOVIC, PRIME MINISTER ZELJKO STURANOVIC, AND SPEAKER OF PARLIAMENT RANKO KRIVOKAPIĆ. HE ALSO HAD AN INFORMAL DISCUSSION OVER DINNER WITH MEMBERS OF POLITICAL PARTIES AND OTHERS, MOST FROM THE OPPOSITION. THIS CABLE COVERS DISCUSSION ON THE ECONOMY, PROGRESS TOWARD EURO-ATLANTIC INTEGRATION, CONSULAR ISSUES, AND THE CONSTITUTIONAL DEBATE. KOSOVO-RELATED ISSUES WILL BE REPORTED SEPTEL. PRESS COVERAGE WAS REPORTED IN REFTEL A. A/S FRIED DID NOT CLEAR THIS MESSAGE. END SUMMARY.

ECONOMY

12. (SBU) GOVERNMENT INTERLOCUTORS WERE SOLIDLY OPTIMISTIC WITH REGARD TO THE ECONOMY, AND HAD NUMBERS TO BACK THIS UP. ACCORDING TO FM ROCEN, GDP HAS GROWN AT AN ANNUAL RATE OF 6.6% FOR THE LAST SIX MONTHS, FDI HAD COME IN FROM 77 COUNTRIES (THE PM CITED "MORE THAN 45" COUNTRIES) AND HAD AMOUNTED TO 350 MILLION EUROS IN THE FIRST SIX MONTHS OF 2007, AND CONSTRUCTION IS UP 147% FROM THE SAME PERIOD LAST YEAR. ASKED ABOUT RUSSIAN PARTICIPATION, ROCEN RESPONDED THAT THEY ACCOUNTED FOR 12% OF INVESTMENT. (REF. B) HE SAID 40% OF FOREIGN INVESTMENT WAS IN BANKING, AND THE RUSSIANS HAVE NO PART OF THAT. THE TOP INVESTORS IN REAL ESTATE ARE BRITISH AND IRISH, WITH SCANDINAVIANS AND BELGIANS MOVING UP FAST, HE SAID. PM STURANOVIC SAID THAT MONTENEGRINS HAD ASKED TO BE RESPONSIBLE FOR THEIR OWN FUTURE, AND HAD SHOWN IN THIS FIRST YEAR THAT THEY WERE UP TO THE TASK. THEY HAD ACHIEVED GOOD PROGRESS ON THE ECONOMY AND SECURITY, AND NOW NEEDED TO CONCENTRATE ON ADMINISTRATIVE CAPACITY BUILDING.

¶ 13. (SBU) NATURALLY, THE OPPOSITION SEES THE PICTURE DIFFERENTLY. ANTI-CORRUPTION WATCHDOG VANJA CALOVIC SAID THAT MOST RUSSIAN MONEY WAS DISGUISED, AND ASSERTED THAT ANYTHING COMING VIA "AUSTRIAN BANKS" (HYPOALPE ADRIA HAS UNTIL RECENTLY BEEN THE ONLY ONE PRESENT) WAS SUSPECT. MOVEMENT FOR CHANGE (PZP) AND SOCIALIST PEOPLE'S PARTY (SNP) REPRESENTATIVES AT THE SAME DINNER TABLE AGREED. THE CONSENSUS VIEW AMONG THEM WAS THAT CORRUPTION REMAINED THE NUMBER ONE PROBLEM IN MONTENEGRO, AND THEY WERE TROUBLED BY POLLING THAT SUGGESTS THIS ISSUE IS WANING IN THE PUBLIC'S CONSCIOUSNESS AS PEOPLE FOCUS MORE ON JOBS AND THEIR INDIVIDUAL QUEST FOR PROSPERITY.

#### EURO-ATLANTIC INTEGRATION

¶ 14. (SBU) A/S FRIED NOTED TO ALL INTERLOCUTORS THAT THE DECISION TO JOIN THE EU AND/OR NATO IS UP TO THE MONTENEGRINS, BUT THAT EU MEMBERSHIP IS NOW THE ONLY WAY FOR THE PEOPLE OF THE BALKANS TO LIVE WITHIN A SINGLE POLITICAL ENTITY. SPEAKER KRIVOKAPIC RESPONDED THAT A SLOVENIAN POLITICIAN HAD ONCE TOLD HIM THAT "THE EU IS THE NEW YUGOSLAVIA." HE EXPECTED MONTENEGRO COULD ACCOMPLISH REQUIREMENTS FOR EU MEMBERSHIP BY 2011-2012, NOTING THAT QUICK PROGRESS WOULD BE THE BEST STIMULUS TO SERBIA, SINCE THEY WOULD NOT WISH TO LAG BEHIND THEIR "YOUNGER, WILDER BROTHER." OTHER OFFICIAL INTERLOCUTORS REPEATED THE IMPRESSIVE LIST OF ORGANIZATIONS, TREATIES, AND AGREEMENTS THAT MONTENEGRO HAS JOINED OR COMMITTED TO OVER THE PAST YEAR (REF. C). EVEN THE OPPOSITION FOUND NO FAULT WITH THE RAPID PROGRESS ON EURO-ATLANTIC INTEGRATION AND FAILED TO MENTION THE RECENT KERFLUFFLE OVER ARTICLE 98.

¶ 15. (SBU) ROCEN STRESSED MONTENEGRO'S DESIRE TO JOIN THE ADRIATIC CHARTER. HE SAID SERBIA PLANS TO ESTABLISH AN ALTERNATIVE GROUP, INCLUDING MONTENEGRO AND BOSNIA AND HERZEGOVINA, BUT EXCLUDING THE U.S. AND MONTENEGRO WILL NOT ACCEPT THIS IDEA.

¶ 16. (SBU) THE PRESIDENT AND THE FOREIGN MINISTER WERE PARTICULARLY GRATEFUL FOR U.S. COOPERATION ON DEFENSE ISSUES, AND MADE STRONG APPEALS FOR GENEROUS IMET AND FMF ASSISTANCE. "IT IS BECAUSE OF YOUR HELP THAT WE ARE MOVING QUICKLY ON PFP AND NATO ISSUES" SAID ROCEN. "WE KNOW HOW SMALL WE ARE, AND YOUR ATTENTION AND ASSISTANCE HAS MEANT A LOT TO US."

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VUJANOVIC SAID MONTENEGRO HAD "SHOWN RESPONSIBILITY" ON DEFENSE REFORM, AND WAS GRATIFIED THAT NATO SYG DE HOOP SCHEFFER HAD SAID MONTENEGRO WOULD BE TREATED INDIVIDUALLY ON ACCESSION ISSUES.

#### CONSULAR ISSUES

¶ 17. (SBU) A/S FRIED SAID MORE THAN ONCE THAT HE UNDERSTOOD MONTENEGRINS' PREFERENCE FOR THE EMBASSY IN PODGORICA TO OFFER NON-IMMIGRANT VISA SERVICES, AND PLEDGED TO LOOK INTO THE ISSUE. ROCEN NOTED THAT THE PROBLEM COULD BE SOLVED RIGHT AWAY IF MONTENEGRINS WERE ELIGIBLE FOR VISA-FREE ENTRY. FRIED SUGGESTED WE TRY "ONE STEP AT A TIME." THE ASSISTANT SECRETARY ALSO RAISED THE "EAGLES FLIGHT" CASE INVOLVING AMERICAN CITIZENS CHARGED WITH TERRORISM, UNDERLINING THAT THE USG

INTEREST WAS TO SEE THAT THE PROCESS WAS FAIR. ROCEN RESPONDED THAT "WE ARE FIGHTING TERROR TOGETHER", AND ASKED MEMBERS OF THE U.S. CONGRESS TO TRUST MONTENEGRO'S JUDICIARY AS THE PROCESS COMES TO A CONCLUSION.

## CONSTITUTION

**18.** (SBU) ALL AGREED THAT THE SO-CALLED SYMBOLIC ISSUES, SUCH AS OFFICIAL LANGUAGE AND RELIGION, ARE THE MAJOR OBSTACLES ON THE CONSTITUTION. OTHERWISE, ASSESSMENTS OF PROGRESS ON THE DRAFT DIFFERRED SHARPLY. THE MAIN SUBSTANTIVE ISSUE REMAINING TO BE RESOLVED RELATES TO THE JUDICIARY (REF. D). MEMBERS OF THE GOVERNING COALITION FELT THIS HAD BEEN PUT TO BED, BUT OPPOSITION REPRESENTATIVES DID NOT. THERE WAS ALSO DISAGREEMENT WHETHER THE PARLIAMENT WOULD BE ABLE TO PASS A CONSTITUTION WITH 2/3 VOTE, OR WOULD NEED TO TAKE IT TO A REFERENDUM. IN THIS INSTANCE THE MAJOR RULING COALITION PARTNER DEMOCRATIC PARTY OF SOCIALISTS (DPS), PLUS THE OPPOSITION MOVEMENT FOR CHANGE (PZP) AND SOCIALIST PEOPLE'S PARTY (SNP) SEEMED TO THINK THE PARLIAMENTARY VOTE WOULD PASS; THE MINORITY RULING PARTNER SOCIAL DEMOCRATIC PARTY (SDP, LED BY SPEAKER KRIVOKAPIC) AND THE SERBIAN LIST FELT A REFERENDUM WOULD BE REQUIRED.

**19.** (SBU) COMMENT: IF IT DOES COME TO A REFERENDUM, TURN-OUT IS LIKELY TO BE LOW, UNDERMINING THE PERCEIVED LEGITIMACY OF THE PROCESS. THE CONSTITUTION IS VIRTUALLY GUARANTEED TO PASS A REFERENDUM, SINCE IT WILL ONLY REQUIRE A SIMPLE MAJORITY OF VOTES. FRIED ASKED KRIVOKAPIC WHY THE SERBIAN LIST WOULD PUSH FOR A SECOND LOSING REFERENDUM WITHIN TWO YEARS, BUT THE SPEAKER JUST SHRUGGED. IT IS LIKELY, HOWEVER, THAT THEY WOULD RATHER LOSE AGAIN THAN BACK DOWN ON SYMBOLIC ISSUES, SUCH AS "SERBIAN" VERSUS "MONTENEGRIN" LANGUAGE. THE SPEAKER, WHO HAS NATIONALIST TENDENCIES IN THE MONTENEGRIN DIRECTION, IS WELL AWARE OF THIS. HIS RECENT SUGGESTION OF A "JUZHNO-SLOVENSKI" LANGUAGE WAS A NON-STARTER BUT ALLOWED HIM TO LOOK LIKE A COMPROMISER. IT IS INTERESTING THAT THE SNP AND PZP SAY A REFERENDUM WILL NOT BE NECESSARY, BECAUSE THEIR PARLIAMENTARY VOTES IN COMBINATION WITH THE DPS AND ONE OR TWO ONE-PERSON PARTIES WOULD BE ENOUGH TO MEET THE 2/3 REQUIREMENT, EVEN -- IF REQUIRED -- WITHOUT THE SPEAKER'S SDP. END COMMENT.

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